

Core/Statutory Financial Support to The Five Islands School

This document sets out the financial management support provided by the Finance & Resources Department (F&R Dept) to The Five Islands School, and the information that the Five Islands School must provide to the F&R Dept, to ensure that the Council of the Isles of Scilly is able to meet its responsibilities under s151 of the Local Government Act 1972.

The Five Islands School (FIS) currently purchase their Payroll, Personnel and Financial Support from other organisations. Therefore this document only sets out the statutory/core support that the Finance & Resources department will be providing. This document is in line with other Local Authorities.

Core/Statutory Financial Support to Five Islands School

Funding Allocations to FIS

This includes:

- The calculation and publication of the formula for the Isles of Scilly Education grant and any other grants
- Formula review (normally 3 yearly)

The Local Payment Scheme

This includes:

- Issuing a payment schedule to FIS at the beginning of the year
- Cash advances on a monthly basis
- VAT reimbursements on a monthly basis

Information and Training

This includes:

- Written/electronic information and guidance e.g. inflation rates, funding information, closing procedures
- Notification of school balances
- Information on new initiatives e.g. Extended Services, Financial Management Standard in Schools etc
- Initial half day training/information visit to new Headteachers

Responsibilities under S151 of the Local Government Act 1972

This includes:

- Checking budget submissions for reasonableness
- Checking year end schedules
- Reviewing short and longer term financial projections
- Support for schools causing concern
- Checking how up to date schools are with their financial transactions. This will usually take place twice a year. It involves checking the following areas:
 - Up to date processing of reconciliation files
 - Up to date suspense file clearance
 - LA income records reconcile
 - Up to date salary commitments
 - No non-capital codes on capital cost centres/funds
 - Capital spend funded by supported borrowing and grant is no less than £6,000 per project
 - Progress on year end schedules.

The Headteacher will be provided with a standard report from these checks which will include the results of the checks listed above. Where concerns are raised these will also be shared with Internal Audit. No charge will be made for these checks.

Please see Appendix A following, for the detailed information that is required.

For further information on this document, please contact the Accountant for Children's Services.

Appendix A

Detailed Financial Management Requirements

1. **Annual Budget – Five Islands School (FIS) to submit by 31st May:**
 - Summary of the 3 year budget showing:
 - o Total income broken down into grants received and school generated income
 - o Total expenditure by the following headings – teaching staff, non teaching, other staffing expenditure, premises, supplies and services, contingencies and other (specified)
 - o Estimated carry forward
 - o Net excess / deficit
 - o Same information for specific standards funds and any community focused extended activities
 - o Pupil projections / numbers.
 - Detailed year 1 budget showing:
 - o Teaching staff lists to include individual columns containing start and end dates, name, term, post scale point, FTE, allowances, superannuation, any other cost and a total per staff member.
 - o Non teaching staff lists to include name, term, post, scale, scale point, FTE, pro-rata, allowances, superannuation, any other cost and an annual total per staff member.
 - o Breakdown of income including Individual Schools Budget (ISB), LSC funding, Standards funds, and schools generated income.
 - o Breakdown of expenditure including supplies and services, premises, contingencies and other (specified).
 - Cash flow forecast for year 1, showing:
 - o By month, estimated cash receipts and payments.

The exact format of these documents is not prescribed and is left to The Five Islands School to determine, so that the documents can also meet the school's own management needs.

These documents should all be dated and signed by the Headteacher and the Chair of Governors.

The Finance & Resources (F&R) Department will then consider the information submitted and respond by sending a letter back to the FIS FAO Chair of Governors, cc Headteacher, to advise of any concerns and any comments on the above submitted information.

A deficit budget would need more input from both FIS and the F&R Dept.

2. **Revised Budget – Five Islands School to submit by 30th November:**
 - Revised budget showing Original and Revised figures for:
 - o Total Income broken down into grants received and school generated income

- Total expenditure by the following headings – teaching staff, non teaching, other staffing expenditure, premises, supplies and services, contingencies and other (specified)
- Estimated carry forward
- Net excess / deficit
- Same information for specific standards funds and any community focused extended activities.
- Revised cash flow forecast.

The Finance & Resources (F&R) Department will then consider the information submitted and respond by sending a letter back to the FIS FAO Chair of Governors, cc Headteacher, to advise of any concerns and any comments on the above submitted information.

These documents should all be dated and signed by the Headteacher and the Chair of Governors.

3. Monitoring of School Accounts

- Two checks to be undertaken in the year: July/September and January. Information to be submitted by FIS (either paper or electronic files) to enable the checks to be carried out:
 - Reconciliation files from system
 - Suspense file
 - Cost centre reports, showing cost code, description, allocated budget, commitments, invoiced, actual balance and % spent for each fund in operation
 - Cost centre transaction reports for all capital funds
 - Latest bank reconciliation
 - Latest monthly balancing
 - VAT reconciliation
 - Cash flow forecast.

The exact dates of checks will be agreed in advance.

The F&R Department will then report back to the Chair of Finance Governors, cc to Headteacher with any concerns and notes.

4. Closing of Accounts – Year End

- At the beginning of the closing period, the FIS to send in provisional ledger code listing, balances and reserves information.
- FIS to send in copies of their year-end schedules for creditors, debtors, receipts and payments in advance.
- At the end of closing, FIS to send in finalised ledger code listing, balances and reserves information.
- FIS to send in their Consistent Financial Report (CFR).